OFFICE OF THE ETHICS COMMISSIONER

Robert C. Clark, Commissioner

October 8, 2001

Hon. Kenneth R. Kowalski
Speaker of the Legislative Assembly
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Mr. Speaker:

It is my honour and pleasure to submit to you the Annual Report of the Office of the Ethics Commissioner, covering the period from April 1, 2000 to March 31, 2001.

This report is submitted pursuant to section 44(1) of the *Conflicts of Interest Act*, Chapter C-22.1 of the 1991 Statutes of Alberta.

Yours very truly,

Robert C. Clark
Ethics Commissioner

1250, 9925 - 109 Street, EDMONTON, ALBERTA T5K 2J8 • Telephone: (780) 422-2273 • Fax: (780) 422-2261

102-01052/

ABOUT THE OFFICE OF THE ETHICS COMMISSIONER

The Office of the Ethics Commissioner exists as a result of and operates under the *Conflicts of Interest Act*.

The Ethics Commissioner is an Officer of the Legislative Assembly. The Ethics Commissioner is appointed by Order-in-Council following passage of a motion in the Legislative Assembly approving the appointment. The motion follows a report and recommendation from the all-party Standing Committee on Legislative Offices.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker with respect to annual reports, investigation reports, and matters relating to the Ethics Commissioner's jurisdiction or authority under the *Conflicts of Interest Act*, with the exception of administrative matters. The Ethics Commissioner presents budgetary estimates through the Standing Committee. The Ethics Commissioner's budget is approved by the Legislative Assembly.

Upon receiving a report from the Ethics Commissioner, the Speaker is required to make the report public. If the Legislature is in session, the report is tabled at that time in the Legislature. If the Legislature is not in session, the report is released publicly and tabled when the Legislature next sits. (Reference: section 26 of the *Conflicts of Interest Act*.)

Under the *Conflicts of Interest Act*, an investigation report by the Ethics Commissioner shall be dealt with the Legislative Assembly within 60 days after the tabling of the report, or such other period determined by a resolution of the Legislative Assembly.

Under section 27 of the *Conflicts of Interest Act*, the Legislative Assembly may accept or reject the findings of the Ethics Commissioner or substitute its own findings and may if it determines that there is a breach

(a) impose the sanction recommended by the Ethics Commissioner or any other sanction referred to in section 25(2) it considers appropriate, or

(b) impose no sanction.

The Ethics Commissioner reports and recommends to the Assembly. The Legislative Assembly has full and final authority with respect to disciplinary matters relating to its Members.

Further information on the functions and responsibilities of the Office of the Ethics Commissioner may be obtained by contacting the office:

Office of the Ethics Commissioner
1250, 9925 - 109 Street, Edmonton, Alberta T5K 2J8
Phone: (780) 422-2273 Fax: (780) 422-2261

ETHICS COMMISSIONER'S REMARKS

During my appearance before the Standing Committee on Legislative Offices to present my budget in the Fall of 2000, I noted that my terms as Ethics Commissioner and Information and Privacy Commissioner would conclude in 2002. I recommended that the Committee consider splitting the two offices in 2001-02.

The Office of the Ethics Commissioner has not grown in size or legislated authority since it opened in 1992. However, the Office of the Information and Privacy Commissioner has grown considerably and will continue to grow with the proclamation of the *Health Information Act*. It is apparent that a physical separation is necessary so that each office can more fully pursue its unique responsibilities.

I want to stress that I do not believe either office has suffered to date from operating out of one office. Rather, the two offices have benefited from each other, both from the utilization of staff between and in support of both functions and from a resource base.

Nevertheless, the time has come to separate, and following the general provincial election in March 2001, I raised the issue with all three party Leaders represented in the Legislative Assembly. All parties expressed support for this move.

Staff of the Office of the Information and Privacy Commissioner will continue to provide support to the Office of the Ethics Commissioner in the areas of human resources, financial management and systems support. I wish to publicly thank all the staff of the Office of the Information and Privacy Commissioner for their support and excellent service to the Ethics office. I look forward to our continuing relationship.

Since 1992, the Office of the Ethics Commissioner has been staffed only by myself and by Karen South, Senior Administrator. We will be adding an additional administrative support person. I wish to thank Karen for her assistance and support over the years.

We have been fortunate in having the ability to utilize Frank Work's legal expertise and good common sense when the situation required it, and I thank him for his friendship and guidance. In-house legal counsel to the Ethics Commissioner will continue to be provided by legal staff of the Office of the Information and Privacy Commissioner.

For the most part, 2000-01 was a quiet year for the Office of the Ethics Commissioner. No investigations were conducted under our Act.

As the Legislature approached the end of its fourth year, more questions were raised with my office with respect to post-employment issues. As well, candidates or potential candidates asked questions about the obligations on Members.

Following the election, my office was included in a luncheon for the new Members but was not part of the orientation program as we had been in the past. My office did not organize a separate orientation session but will consider

doing so in the future, as I believe Members' obligations are critically important and should not be left until our annual one-on-one meetings with Members (particularly as the Act requires Members to reorganize their affairs within 60 days after becoming a Member).

I have been privileged to serve as President of the Council on Governmental Ethics Laws (COGEL) since December 2000. My term will end at the annual meeting in Lexington, Kentucky in December 2001. This position has given me an opportunity to build even closer ties with our Canadian and American colleagues who work in the fields of ethics, information and privacy, elections, campaign finance and lobbying/lobbyist registration.

I continue to learn from my association with COGEL and am pleased to have had the chance to contribute on the executive level on behalf of Alberta and Canada. I wish to acknowledge the support and encouragement of the Chair and Members of the Standing Committee on Legislative Offices both for my service on the Steering Committee and for their attendance and participation in panels at the annual conferences.

As I reported last year, I served as Acting Conflict of Interest Commissioner for the Northwest Territories in 1999/2000 and for a portion of this reporting year. I ceased that role in June 2000. Carol Roberts was appointed Conflict of Interest Commissioner and my office met with Ms Roberts to discuss issues relating to that jurisdiction's legislation and to turn over the files to her. Once again, I thank the Standing Committee on Legislative Offices for its support for the time and other commitments that allowed me to take on the Acting role in the Northwest Territories.

As a result of Karen South's membership in the Ethics Practitioners Association of Canada (EPAC), my office became involved in organizing and holding Ethics Roundtables. In the fiscal year covered by this report, three such roundtables were held:

> January 25, 2001 -- overview of EPAC and presentation on the internal process used by the Royal Canadian Mounted Police in developing its "mission, vision and values."
>
> February 22, 2001 -- panel presentation on "youth and ethics"
>
> March 29, 2001 -- panel presentation on ethics in various professions

Our involvement in the roundtables will be discussed further in the section on "Professional Associations."

"Ethics" continues to be an issue of interest in Alberta, in Canada, and indeed worldwide. I anticipate that we, as an office, will have opportunities to play more active roles in working with and providing advice to others interested in the field. We live in interesting times and I look forward to whatever opportunities come our way.

For the first year, the audited financial statements will form part of this annual report. Following the 1999-2000 audit, the Office of the Auditor General recommended that the

financial statements be included. We agreed even though it meant that the annual report would not be produced until late summer. We trust that the more complete picture of the office offsets the small delay in providing a report on our activities.

As will be noted in the financial statements, we returned a portion of our 2000-01 budget to General Revenue.

DISCLOSURE STATEMENTS

Only minor adjustments were made to the private disclosure statements filed by Members.

We received a number of requests for copies of our blank forms -- by entities within this province and from other jurisdictions. Additionally, elected and senior officials have asked for electronic versions of the forms. To date, the forms have not been accessible on the Internet. This is an issue that we will consider further.

I continue to rely on the support of the caucus Whips or House Leaders for assistance in having Members complete their disclosure statements on time. I wish to thank those individuals and their staff for their efforts.

INVESTIGATIONS

As noted in my opening comments, there were no investigations conducted in 2000-2001.

There was renewed interest in the report of the investigation conducted with respect to the use of the Risk Management Fund by the former Provincial Treasurer, the Hon. Stockwell Day, and I note that there are ongoing legal issues relating to the subject of that investigation. I follow those issues with great interest.

There were complaints made to my office around the time of the general election relating to "attempts to influence voters" by the announcement of various programs or initiatives (such as the energy rebates). I have stated in past investigation reports that "political interests" will seldom be "private interests" under the *Conflicts of Interest Act*. All citizens who disagree with the activities of their elected representative have the opportunity to voice their opinion on polling day.

A recent investigation report from Ontario's Acting Integrity Commissioner, the Hon. Greg Evans, Q.C., notes:

> A government cannot be in violation of the *Members' Integrity Act*. If it should exceed its legislative powers, it is a constitutional issue for judicial consideration. Otherwise, its actions are to be assessed by public opinion through our election process.
>
> A political benefit which may result from legislation favourable to a program or project which a member personally espouses, may be open to political analysis, media comment, public approval or concern, but it is not a conflict of interest.

The issue of conflict of interest as it relates to health authorities was also raised a number of times during the year. I do not have jurisdiction over regional health authorities but did make

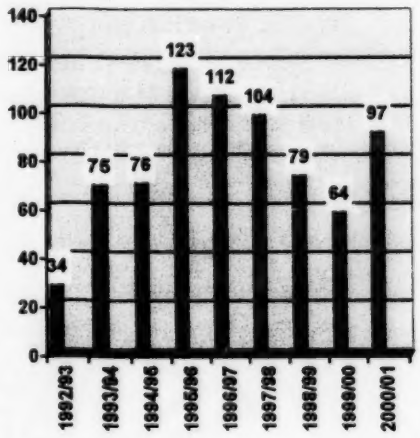
myself available to them and to private citizens who raised the issues.

Other complaints to my office involved the media, professions, public servants' actions, and local municipalities.

CASE COMMENTARIES

I was impressed by the number of newly-elected Members who immediately sought my advice following the general election. Some received advice from their predecessors to contact me as soon as possible, and others received that advice from their current colleagues. Whatever the impetus, the fact that these individuals place a high priority on their obligations is a very positive sign.

Figure 1: Requests for Advice



Private Interests

Questions were raised with respect to the ability of Members to participate in debates or discussions in certain circumstances.

Members may have a financial interest -- directly or through a direct associate such as a private corporation -- in a company (public or private) that may be affected by a Crown decision. We discuss the Member's participation and role with respect to the decision to be made.

For example, where a Member's assets include securities in a publicly-traded corporation and that corporation is a bidder on a government project, we would discuss the decision-making process, who is the final decision-maker, and the Member's potential involvement in monitoring, assessing, or recommending actions relating to the project and the types of recommendations that might be made.

Members also discussed commercial rental arrangements where a potential tenant has some public role (i.e., a health clinic or social or community assistance agency). In these cases, we discussed the extent to which the potential tenant is financially independent of the Crown for purposes of entering into a contract. Where there is a direct relationship, i.e. where a department of government makes the final decision, such contracts could be prohibited.

Campaign Activities

A number of public servants in the Legislature Building provided me with letters stating that they would be working on the election campaign on their own time. While there is no requirement for those persons to do so, I appreciate their concern that there be a record that they understood the separation of their publicly-funded positions and their partisan political activities.

I also received some questions from boards where candidates or potential candidates were identified. There are rules, in some cases, regarding the activities of employees or board members who are also candidates prior to a writ being issued; however, there were still concerns about the types of issues in which those individuals could have active involvement. I would encourage government to address this issue further.

Constituency Work

A question was raised with respect to reference letters for constituents. Members are encouraged to consider how well they know the constituent and that person or corporation's suitability for whatever the reference is sought. Where the matter involves a matter before a court, I am reluctant to approve such actions by Members as I am mindful of the separation of the legislative and judicial branches of government.

Members of the Executive Council

As discussed earlier, departing Members who served in Executive Council sought guidance on post-employment issues. In all cases, those Members were questioned with respect to the nature of their dealings with an entity offering employment or a field of potential employment.

Alberta legislation requires a six-month "cooling off period" between a former member of Executive Council and an entity with which the former member had "significant official dealings" during the former member's last year of service in Executive Council.

Where there is some question as to whether or not there were "significant official dealings," my office obtains written advice from the ministry involved as to the nature of the relationship and that advice is reflected in my advice to the former member. I have received prompt and co-operative assistance from all ministries contacted, and I thank them for that assistance.

The general advice provided to all Members regarding publicly-traded securities resulted in discussions with respect to some Ministers' holdings. Each case must be reviewed on its own. The *Conflicts of Interest Act* permits me to allow a Minister to retain publicly-traded securities if, in my opinion, the corporation is not likely to be affected by decisions of the Government. I am reluctant to give that

approval as I believe disposition of the securities or establishment of a blind trust are both preferable remedies.

Outside Employment

New Members raised questions regarding the need to resign from their outside employment or discussed leave of absence arrangements.

In some cases, immediate resignations are required (former local councillors or public servants). Some professions or occupations permit extended leaves of absence (such as the teaching profession) and others require some continued activity (such as the medical profession , including nursing).

Members in the legal profession are often the most challenging to advise in this matter. Since most lawyers will be in touch with the Crown at some point (trials, land registrations, appeals to various bodies, etc.), we attempt to differentiate between which actions can continue and which ones should not continue to be. Where a Member might reasonably be expected to pursue appeal issues on behalf of constituents, it would be inappropriate for the Member to charge a constituent for legal services. Additionally, in some situations, a Member has access to the Minister of Justice or Solicitor General that other lawyers do not have, and we advise Members that they must not be seen to be misusing their public position if they were to engage in certain types of legal work.

Each case is unique and I rely to a great extent on Members' explanations of both the type of work they wish to continue to perform and the type of public responsibilities they have been assigned (in government or opposition).

Blind Trusts

Immediately following the general election and the swearing in of the new Cabinet, there were discussions with new Ministers regarding their interests and whether a blind trust was warranted.

I provided general advice to all Members on what types of financial instruments are "publicly-traded securities." That advice was based on a legal opinion obtained by my office.

Contracts with the Crown

Newly-elected Members sought my advice with respect to ongoing relationships with the Government of Alberta, including financial arrangements with the Alberta Treasury Branches.

Where a contract was entered into prior to the Member's election, we discussed issues such as the term, opportunities for renewal of the contract, and how any potential disputes or disagreements might be handled.

In some cases, there is no existing contract but there are potential business relationships between a Member's private corporation and the Crown. In those cases, we discussed the need for the Member to ensure there is no use of the

Member's position or office to influence decisions by the Crown.

I was satisfied that Members were aware of their obligations and clearly understood the need to separate their public responsibilities from their private interests.

Direct Associates

Several questions were raised during this reporting year with respect to Members' spouses or private corporations.

For example, Members' interests are sometimes "diluted" through holdings within holdings. Under the Act, Members have obligations with respect to "direct associates." Where a Member has an interest in a private corporation and that corporation holds further interests (in securities or in a second private corporation), the Act does not apply to certain actions contemplated by the second corporation.

We encourage compliance with the spirit of the Act (including the recently added preamble) and support Members' decisions to go beyond the "letter" of the Act. Nevertheless, a Member may not breach the Act where "second corporations" are involved.

The Act does not prohibit a Member's spouse from having employment with the government, nor should it. I am satisfied in all cases that there is no reporting or monitoring relationship between the Member and the Member's spouse.

Fees, Gifts and other Benefits

By far the most frequently disclosed "gift" has been a ticket to a political fundraiser. Members have been diligent in reporting these gifts, and the receipt of these gifts is disclosed on Members' public disclosure forms.

As a general election approaches, we usually receive questions regarding gifts of recognition to departing Members or by a department to a Minister. It is my advice that such gifts are outside the *Conflicts of Interest Act*.

Questions concerning travel and related expenses are more problematic. For the most part, I believe the costs should be borne by the government or an opposition caucus if it is felt that a Member ought to attend a function or conference. Where the Member is invited as a guest speaker or panelist, certain costs might reasonably be assumed by an organization. However, we always review the relationship between the Member and the organization to determine whether the gift or benefit relates to social obligation or protocol or is more closely tied to the Member's public responsibilities and therefore not acceptable.

Senior Officials

As noted earlier, questions were raised with respect to candidacy in the provincial general election.

Senior officials also discussed their ability to serve on certain professional boards or committees that have some relationship with a government project. Usually, the senior official serves as a government representative on the board or committee. We discussed decision-making roles, including budgetary decisions and monitoring responsibilities.

Questions were also raised with respect to honoraria or travel expenses. As with Members, senior officials are advised that where a speaking engagement relates to a public responsibility or role, then honoraria should not be accepted, and acceptance of travel expenses is dependent on the relationship between the senior official's agency and the organization offering to pay the expenses.

PROFESSIONAL ASSOCIATIONS

Frank Work, Karen South and I met with Robert Stanbury, Conflict of Interest Commissioner for Nunavut on May 2, 2000. I turned over files to him from my brief term as Acting Commissioner for that jurisdiction, and we discussed the Review Panel report that led to the changes in the legislation in the Northwest Territories and its possible applicability to Nunavut.

We met with Carol Roberts, the new Conflict of Interest Commissioner for the Northwest Territories on August 21, 2000. Disclosure and advice files were forwarded to her. We discussed my experience as Acting Commissioner for NWT and certain issues that required further action by her as the new Commissioner.

Both Karen South and I attended the "Ethics in the New Millennium" conference in Ottawa in September 2000. The conference was organized by the International Institute for Public Ethics. It focused on similarities and differences between the public and private sectors and implementation of ethics programs in both sectors. International and Canadian panelists and presenters provided a wealth of information and a variety of perspectives on ethics.

Following the Ottawa conference, we attended the annual meeting of the Canadian Conflict of Interest Commissioners (CCOIN) in St. John's, Newfoundland. CCOIN welcomed a number of new Commissioners to the organization, including Carol Roberts, and the new Commissioners mentioned in last year's annual report: Stuart Stratton from New Brunswick, Neil Robinson from Prince Edward Island, Gerry Gerand from Saskatchewan, and Robert Stanbury for Nunavut. Unfortunately, Messrs. Stratton and Robinson were unable to attend the meeting, but I look forward to working with them and meeting them at future CCOIN meetings.

As mentioned earlier, Ethics Roundtables were held in our office in January, February and March. The first roundtable saw 55 attendees and drew interest from many others who were unable to attend. Participants included persons

in the public and private sectors, students, persons involved in teaching or reviewing ethics matters in various professions, and consultants. The interest and participation in these events has been awesome and continues to grow. It is extremely gratifying to know that ethics is an issue and a concern for so many Albertans.

Karen South also attended Ethics Roundtables in Calgary in April and May 2001 and made a presentation to the roundtable in May on the subject of gifts and benefits.

She attended the first symposium sponsored by the Sheldon Chumir Foundation for Ethics in Leadership in December. The theme of the symposium was "Beyond Cynicism: Towards Ethics in Leadership" and the guest speaker was former Ontario Premier Bob Rae. Readers of this report are encouraged to visit the foundation's website for the symposium and internship papers available there (www.chumirethicsfoundation.ca).

PUBLIC INFORMATION

I continue to participate in presentations to groups such as the Forum for Young Albertans.

I also spoke to the Public Policy Forum's Fourth Annual Commonwealth Seminar for Permanent Secretaries.

Publications

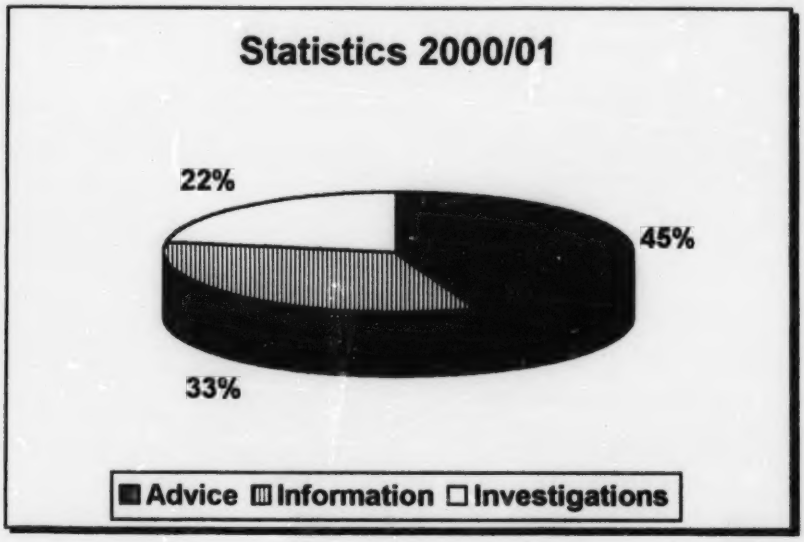
In my 1999-2000 Annual Report, I noted that our office brochure had not been changed since 1992 when it was first published. I said that it was our intention to publish a new brochure, incorporating the amendments that came into force in 2000. That publication has not taken place, although a final draft has been prepared.

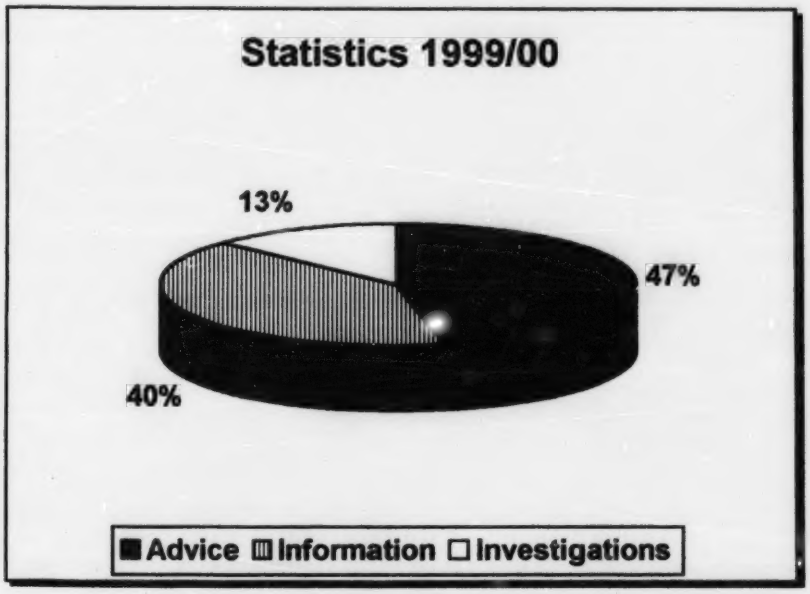
In light of my recommendation to the Standing Committee on Legislative Offices that this office be separated from the Office of the Information and Privacy Commissioner, I felt it was not prudent to publish a brochure until that separation has taken place.

Since my contract will expire at the end of March 2002, the brochure will not be produced in fiscal year 2001-02.

COMPARATIVE STATISTICS

The pie charts below show the percentage of requests received by our office that dealt with information, investigations, or provision of advice.





BUDGET

As a result of the inclusion of the financial statements in this annual report, the type of detailed budget breakdown provided in past annual reports will no longer be provided.

The financial information previously provided has been of interest and, I hope, assistance to other offices that have been set up across the country. In the interests of transparency and accountability, we have provided more detail than most offices. The financial statements do not contain that information; however, my office is willing to provide that information to any person.

Office of the Ethics Commissioner

Financial Statements

As at March 31, 2001

OFFICE OF THE ETHICS COMMISSIONER

FINANCIAL STATEMENTS

AS AT MARCH 31, 2001

Auditor's Report

Statement of Financial Position

Statement of Changes in Net Liabilities

Statement of Operations

Statement of Changes in Financial Position

Notes to the Financial Statements

Schedule 1 – Salary and Benefits Disclosure

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Chairman, Select Standing Committee on Legislative Offices

I have audited the statement of financial position of the Office of the Ethics Commissioner as at March 31, 2001 and the statements of changes in net liabilities, operations, and changes in financial position for the year then ended. These financial statements are the responsibility of the Office's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I pian and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office as at March 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Peter Valentine FCA
Auditor General

Edmonton, Alberta
June 27, 2001

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2001

	2001	2000
ASSETS		
Current assets:		
Accounts Receivable	$ 486	$ -
Capital assets (Note 4)	5,048	3,845
	$ 5,534	$ 3,845
LIABILITIES AND NET LIABILITIES		
Current liabilities:		
Accounts payable	$ 12,576	$ 9,578
Accrued vacation pay	15,323	7,587
	27,899	17,165
Net liabilities	(22,365)	(13,320)
	$ 5,534	$ 3,845

The accompanying notes and schedule are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF CHANGES IN NET LIABILITIES

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
Net liabilities at beginning of year	$ (13,320)	$ (29,351)
Net operating results	(172,927)	(115,402)
Net transfer from general revenues	163,882	131,433
Net liabilities at end of year	$ (22,365)	$ (13,320)

The accompanying notes and schedule are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2001

	2001		2000
	Budget (Note 7)	Actual	Actual
Revenues			
Contribution from Infrastructure for accommodation provided at no charge		$ 7,381	$ 7,197
Recovery from risk management (Note 5)		-	19,913
Contribution from Innovation and Science for telephone provided at no charge (Note 6)		1,376	1,882
Total Revenue		8,757	28,992
Expenses			
Voted			
Salary, wages, and employee benefits		140,022	128,063
Supplies and services		26,372	28,868
	$ 215,030	166,394	156,931
Non-budgetary			
Accommodation and telephone costs		8,757	9,079
Capitalization of assets expensed as supplies		(2,112)	(4,143)
Amortization of capital assets		909	298
		7,554	5,234
Valuation adjustments			
Provision for vacation pay		7,736	(4,195)
Reduction in long-term disability insurance liability		-	(186)
Reduction in pension liability		-	(13,390)
		7,736	(17,771)
Total Expenses		181,684	144,394
Net operating results		$ (172,927)	$ (115,402)

The accompanying notes and schedule are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
Operating transactions		
Net operating results	$ (172,927)	$ (115,402)
Add non-cash charges		
Amortization of capital assets	909	298
	(172,018)	(115,104)
Increase in accounts receivable	(486)	-
Increase in accounts payable	2,998	5,585
Increase (decrease) in accrued vacation pay	7,736	(4,195)
Decrease in long-term disability insurance liability	-	(186)
Decrease in pension liability	-	(13,390)
Cash used by operating transactions	161,770	(127,290)
Investing transactions		
Acquisition of capital assets	(2,112)	(4,143)
Financing transactions		
Net transfer from general revenues	163,882	131,433
Net cash provided	-	-
Cash, beginning of year	-	-
Cash, end of year	$ -	$ -

The accompanying notes and schedule are part of these financial statements.

OFFICE OF THE ETHICS COMMISSIONER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

Note 1 Authority

The Office of the Ethics Commissioner (the "Office") is operated under the authority of the Conflicts of Interest Act. The net cost of the operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Select Standing Committee on Legislative Offices.

Note 2 Purpose

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly and of the public service of Alberta by providing advice and guidance to Members and senior officials regarding their private interests in relation to their public responsibilities, by conducting investigations into allegations of conflicts of interest against Members, and by promoting the understanding by Members, senior officials and the public of the obligations regarding conflict of interest contained in legislation or directive.

Note 3 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies:

a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner, for which the Ethics Commissioner is responsible.

The Office operates within the General Revenue Fund (the "Fund"). The Fund is administrated by the Provincial Treasurer. All receipts of the Office are deposited into the Fund and all disbursements made by the Office are paid from the Fund. Net transfer from general revenues is the difference between all cash receipts and all cash disbursements made.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Expenses represent the costs of resources consumed during the year on the Office's operations.

Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets and liabilities at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Assets

Amortization is calculated on a straight-line basis, over the estimated useful lives of the assets as follows:

Computer hardware and software	3 years
Furniture and other office equipment	10 years

The Office follows government budgetary practices which allow funds from an operating budget to be used to purchase capital assets costing less than $15,000. These purchases are included in expenses on the statement of operations, but are then removed from expenses through a non-budgetary adjustment and are capitalized and amortized over their useful lives.

Liabilities

Liabilities include all financial claims payable by the Office at fiscal year end.

Net Liabilities

Net liabilities represent the difference between the value of assets held by the Office and its liabilities.

Note 3 Summary of Significant Accounting Policies and Reporting Practices (continued)

b) Basis of Financial Reporting (continued)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable and accrued vacation pay are estimated to approximate their book values.

Note 4 Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 1,375	$ 687	$ 688	$ 1,146
Furniture and other office equipment	4,880	520	4,360	2,699
	$ 6,255	$ 1,207	$ 5,048	$ 3,845

Note 5 Recovery from Risk Management

In the fiscal year ended March 31, 2000, the Office received $19,913 as a reimbursement of certain legal fees from the Insurance and Risk Management Division of Alberta Revenue. All expenses associated with this reimbursement were incurred in the financial statements of prior years. No reimbursements of this nature occurred in the current year.

Note 6 Pensions

The Office participates in the multiemployer pension plan, the Management Employees Pension Plan. The expense for this pension plan is equivalent to the annual contributions of $ 7,169 for the year ending March 31, 2001 (2000 $6,892).

At December 31, 2000, the Management Employees Pension Plan reported a surplus of $104,658,000 (1999-$46,019,000).

Note 7 Budget

Expenses

2000-2001 budget[a]	$ 215,030
2000-2001 actual expenses (excluding valuation adjustments)	166,394
2000-2001 surplus (excluding valuation adjustments)	$ 48,636

(a) Legislative Assembly Estimates released on February 24, 2000.

Note 8 Approval of Financial Statements

These financial statements were approved by the Ethics Commissioner.

OFFICE OF THE ETHICS COMMISSIONER
SALARY AND BENEFITS DISCLOSURE
FOR THE YEAR ENDED MARCH 31, 2001

	2001					2000	
	Full-time Equivalents	Salary [1]	Benefits and Allowances [2]	Other	Total	Full-time Equivalents	Total
Senior official Ethics Commissioner [3]	0.3	$ 50,851	$ 3,738	$ -	$ 54,589	0.3	$ 47,707

(1) Salary includes regular base pay, bonuses, overtime, lump sum payments and any other direct cash remuneration.

(2) Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships, moving expenses and tuition.

(3) Mr. Robert Clark fulfills the position of Ethics Commissioner and is also the Information and Privacy Commissioner. Position is part-time and salary includes contract payments and payment of 9% of salary in lieu of participation in the Management Employees Pension Plan. Automobile is provided, but not included in benefits calculations.